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October 19, 2007

To: Supervisor Zev Yaroslavsky, Chairman
Supervisor Gloria Molina
Supervisor Yvonne B. Burke
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From: William T Fujioka
Chief Executive Officer

WASHINGTON, D.C. UPDATE

Pursuit of County Position on Legislation

H.R. 2895 (Frank, D - MA), also known as the National Affordable Housing Trust Fund Act of 2007, would establish a National Affordable Housing Trust Fund in the Treasury of the United States for the Department of Housing and Urban Development (HUD) to provide assistance to state and local governments and Indian Tribes, including grants, loans, and interest rate buy-downs that would be used to construct, rehabilitate, and preserve affordable rental and homeownership housing, and for down payment and closing cost assistance for first-time homebuyers; principally for extremely low-income families. The affordable housing units must be made affordable for at least 50 years. Funding would consist of:

- Any amounts transferred from the Federal National Mortgage Association (Fannie Mae) and the Federal Home Loan Mortgage Corporation (Freddie Mac) under Title XIII of the Housing and Community Development Act (as that title may be amended by H.R. 1427, the Federal Housing Finance Reform Act of 2007);

- Any amounts appropriated to an affordable trust fund under the Expanding American Homeownership Act of 2007 (H.R. 1852); and

- Any amounts that may be appropriated, transferred, or credited to the Trust Fund under other provisions of law.

The Community Development Commission (CDC) indicates that the Trust Fund is anticipated to be funded initially at $1.0 billion. The Trust Fund would utilize the current Home Investment Partnerships Program (HOME) formula that allocates 40 percent of funds for States, Indian tribes, and insular areas and 60 percent to participating local jurisdictions. Additional criteria are much the same as the HOME Program (population, poverty, substandard housing, and overpayment toward housing costs). However, CDC indicates that HUD has discretion over the specific baseline requirements which will not be known until HUD issues regulations.

In addition, the CDC indicates that the Trust Fund adds two allocation criteria not included in the HOME Program: 1) "cost of construction", and 2) "extremely low vacancy rate", defined as two percent, both of which could disadvantage the County with our higher costs and vacancy rates. However, CDC indicates that if the HOME Program formula was used, the County would receive approximately $7.7 million in the initial funding year, which is approximately half of the CDC's annual HOME Program funding amount.

The bill requires matching funds in the amount of 12.5 percent of the grant amount if the matching funds are derived from state, local or private resources, or 25 percent of the grant amount if the matching funds are derived from federal assistance. Thirty percent of the cost of services provided can also be counted as matching funds.

The specific annual grant income targeting requirements for tenants and/or homebuyers are:

- 75 percent of funds for extremely low-income families (30 percent or less of Area Median Income (AMI), of which at least 30 percent must be for SSI-level income households);

- At least 10 percent of funds for families between 50 percent of AMI and the income ceiling for that program year;

- Remaining 15 percent of funds for families below the income ceiling (less than 80 percent AMI or 60 percent AMI, depending upon the amount funded to the Trust Fund Program each year).

CDC indicates that the new Trust Fund would complement their current housing programs for low-income families and recommends that the County support H.R. 2895 because of its positive impact on affordable housing.

Support for H.R. 2895 is consistent with existing County policy to: 1) support proposals, tax incentives, and funding which would increase home ownership opportunities for low and moderate income families and increase the supply of affordable housing, such as by extending the use of mortgage revenue bond proceeds for homeownership activities; 2) support proposals that increase home ownership opportunities for low and moderate-income families, and employees in vital occupations; and 3) support proposals to provide additional resources for meeting the capital and operational costs of housing production and related supportive service needs of low-moderate-income families and the needs of special populations, including elderly, disabled and mentally ill persons. **Therefore, the County's Washington advocates will support H.R. 2895, or similar legislation that would establish a National Affordable Housing Trust Fund.**

H.R. 2895 is supported by a host of entities, including: National Association of Realtors; National Low Income Housing Coalition; Enterprise Community Partners; Housing Assistance Council; National AIDS Housing Coalition; American Network of Community Options and Resources; National Alliance on Mental Illness; National Coalition for the Homeless; National Association of Home Builders; Evangelical Lutheran Church in America; Jewish Council for Public Affairs; and Corporation for Supportive Housing. There is no known opposition.

H.R. 2895 passed the House Floor on October 10, 2007 by a vote of 264 to 148 and was referred to the Senate Committee on Banking, Housing, and Urban Affairs on October 15, 2007 where it is awaiting a hearing date.

Status of County Advocacy Legislation

County-supported H.R. 2095 (Oberstar, D - MN), the Federal Railroad Safety Improvement Act of 2007, which would reauthorize Federal Railroad Administration (FRA) rail safety programs for four years, passed the House on Wednesday, October 17, 2007 by a vote of 377 to 38. This bill would require the United States Department of Transportation to develop a long-term strategy for improving rail safety, including: 1) increasing penalties for violation of rail safety laws; 2) improving detection of track defects; 3) nearly doubling the number of federal safety inspectors; 4) revising the number of work hours to reduce accidents associated with fatigue; 5) mandating implementation of automated positive train control technology to reduce accidents; and 6) requiring railroad carriers to establish toll-free telephone service for reporting grade crossing problems.

Several amendments were adopted by voice vote. The first, by Oberstar, would require new safety requirements for railroad bridges. An amendment by Grace Napolitano (D - CA) would prevent rail inspections in Mexico unless the Department of Transportation certifies they are equivalent to U.S. standards. Bill Shuster (R - PA) voiced concerns that Napolitano's amendment could violate NAFTA and "interfere with existing flow of commerce across the Southern border". Oberstar said he would review that issue as the bill moves forward. An amendment by Frank Pallone Jr. (D - N.J.) would prevent the Surface Transportation Board from pre-empting local or state environmental laws on solid-waste transfer facilities and an amendment by Dana Rohrabacher (R - CA) would authorize testing of an electronic cargo conveyer system to transport containers from ports.

Representative Napolitano's proposed amendment to H.R. 2095 to give states regulatory authority to address local safety hazards relating to rail safety, which the County supports, was not adopted by the House. However, she plans to pursue this amendment in the Senate. Our Washington, D.C. advocates will continue to support H.R. 2095 or similar legislation that would improve rail safety and increase state and local oversight and enforcement of rail safety standards, including support for Representative Napolitano's proposed amendment to H.R. 2095.

We will continue to keep you advised.

WTF:GK
MAL:EW:acn

c: All Department Heads
Legislative Strategist